

Message Text

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SUBJECT : PROJECT STUDIES GRANT

BEGIN SUMMARY: PLANNING COMMISSION (PC) HAS REQUESTED PROJECT STUDIES GRANT FINANCING FOR RURAL ELECTRIFICATION. GORAL RIVER BRIDGE, RURAL INDDUSTRIES, AND LATER POSSIBILITY FOR KURIGRAM. USAID REQUESTS TDY ASSISTANCE ON RURAL ELECTRIFICATION AND COMMENTS ON GORAI BRIDGE STUDY SUITABILITY FOR PSG FINANCING. END SUMMARY.

1. DURING RECENT REVIEW WITH PC OF PROPOSED STUDIES TO BE FINANCED UNDER PROJECT STUDIES GRANT (PSG), THREE ITEMS OF IMMEDIATE INTEREST WERE DISCUSSED:

(A) RURAL ELECTRIFICATION (RE). BDG HAD SUBMITTED A PROPOSED STUDY COVERING PROGRAM FOR INSTALLATION ELECTRIC TUBEWELLS AND LOW LIFT PUMPS. PROPOSAL OUTLINED BRIEF BUT COMPREHENSIVE SCOPE COVERING BASIC ECONOMIC FEASIBILITY AS WELL AS TECHNICAL ASPECTS. TOTAL COSTS ESTIMATED APPROXIMATELY DOLS 1 MILLION INCLUDING ONE FINANCIAL SPECIALIST, ONE EXPERT FOR ORGANIZATION OF RURAL ELECTRIC SYSTEM, AND ONE TECHNICAL SPECIALIST ON RURAL ELECTRIFICATION, THE LATTER WOULD BE RESPONSIBLE FOR DESIGN, STANDARDIZATION, AND ALL TECHNICAL ASPECTS OF PROGRAM. IN ADDITION, TA PROPOSAL CALLS FOR TRAINING OF 12 BDG ENGINEERS IN DIFFERENT ASPECTS OF RE IN COUNTRIES WHERE RE HAS BEEN SUCCESSFULLY IMPLEMENTED. FYI IN COURSE OF DISCUSSION, IT DEVELOPED THAT KUWAIT APPARENTLY HAS ALLOCATED APPROXIMATELY DOLS 20 MILLION FOR A PROJECT

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INVOLVING ELECTRIFICATION OF 196 DEEP TUBEWELLS AND 2144 LOW

LIFT PUMPS, EVEN THOUGH PROJECT SHOWS ELECTRIFICATION COST TO BE GREATER THAN THE DIESEL POWER ALTERNATIVE. QUESTIONS OF EQUITY, CREDIT, AGRICULTURAL INPUTS ARE NOT ADDRESSED. EFFECTS ON POTENTIALLY OVERBURDENING WESTERN POWER GRID ALSO NOT ASSESSED. PC HAS ASKED FOR AID TECHNICAL ASSISTANCE FOR THIS PROJECT, BUT WE ARE RESPONDING IN THE NEGATIVE AND PROPOSE URGE PC LOOK FIRST TO BROADER FEASIBILITY STUDY ABOVE; NOT CLEAR IN THAT EVENT WHETHER THIS WOULD INVOLVE POSTPONEMENT KUWAIT PROJECT, BUT THIS WILL CERTAINLY COME UP IN CONTEXT TDY ASSISTANCE REQUESTED BELOW. END FYI. RURAL ELECTRIFICATION OF IRRIGATION EQUIPMENT DOES PROMISE TO REDUCE MAINTAINENCE AND EQUITY PROBLEMS RAISED BY OUR PREVIOUS SHALLOW TUBEWELL PROPOSAL BUT RE STUDY WILL NEED TO DEAL WITH THESE INSTITUTIONAL AND TECHNICAL ISSUES ONCE AGAIN. AT THIS JUNCTURE MOST EXPEDITIOUS COURSE WOULD BE TDY ASSISTANCE FROM AID/W TO ASSIST MISSION IN ASSESSING REQUEST CONCERNING FEASIBILITY STUDY ABOVE AND AID INVOLVEMENT IN WHOLE RE SECTOR. REQUEST SERVICES OF CRIS SCHULTZ, AID ENGINEERING CONSULTANT, FOR PERIOD OF TWO WEEKS PREFERABLY DURING JULY 1976. INITIAL SCHULTZ TDY WILL PROVIDE OPPORTUNITY TO EXPLORE RANGE OF TECHNICAL AND INSTITUTIONAL PROBLEMS THAT CAN BE FURTHER ANALYZED BY ADDITIONAL TDY ASSISTANCE.

(B) BDG ALSO REQUESTS PSG FINANCING TO UPDATE GORAI RIVER BRIDGE FEASIBILITY STUDY DONE IN 1967 BY THE JAPANESE. EXISTING STUDY IS BASICALLY A TECHNICAL DISCUSSION OF REQUIREMENTS FOR CONSTRUCTION AND DOES NOT ENGAGE ECONOMIC OR OTHER CRITERIA. CONSTRUCTION COSTS AT 1967 PRICES APPROXIMATELY DOLS 2.5 MILLION. WHILE WE MADE THE POINT WITH PC THAT PSG FINANCING COULD BE AVAILABLE FOR STUDIES LEADING TO PROJECTS FINANCED BY OTHER DONORS, IN VIEW OF THE LACK OF A POTENTIAL DONOR FOR GORAI BRIDGE AND NON-COMPATABILITY OF PROJECT WITH AID CRITERIA FOR FINANCING, WE QUESTIONED DESIRABILITY OF UNDERTAKING THIS PARTICULAR FEASIBILITY STUDY. WE APPRECIATE HOWEVER, BDG DILEMMA IN NOT BEING ABLE TO FIND A DONOR WITHOUT A COMPLETED STUDY. REQUEST AID/W COMMENTS.

(C) PC HAS ALSO REQUESTED DOLS 100,000 FEASIBILITY STUDY (APPROXIMATELY 70,000 IN FOREIGN EXCHANGE) FOR RURAL INDUSTRIES, ONE WHICH WOULD UNDERTAKE TO IDENTIFY BOTTLENECKS, ASCERTAIN UNCLASSIFIED

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MEASURES TO REMOVE THEM, AND REVITALIZE RURAL INDUSTRIES SECTOR. ONE AMERICAN EXPERIENCED IN APPROPRIATE RURAL INDUSTRIES OF COUNTRIES SIMILAR TO BANGLADESH WOULD BE REQUIRED TO DIRECT TEAM OF BENGALIEE STAFF LOOKING INTO THIS RURAL DEVELOPMENT SCHEME. IRDP SUBMITTED PROPOSAL BECAUSE OF A BACKGROUND OF FAILURES IN SECTOR. POTENTIALS FOR QUALITY CONTROL, FOREIGN EXCHANGE EARNINGS, INTERNAL CONSUMER GOODS PRODUCTION, OVERALL MARKETING, LANDLESS EMPLOYMENT, AND INTEGRATION OF WOMEN

MAKE THIS PROPOSAL ATTRACTIVE IN LIGHT DAP PRIORITIES.
ALTHOUGH THE STUDY PROPOSAL DOES NOT MENTION IT, RE MAY ALSO
BE EXAMINED. WE ARE EXPLORING STUDY OUTLINE WITH BDG AND
WILL ADVISE AS SCOPE FURTHER DEFINED AND IF IT APPEARS DESIRABLE
FOR FUNDING UNDER PSG. IN THAT EVENT, TDY ASSISTANCE MAY BE
REQUIRED DIRECTLY TO ASSIST DRAFTING OF SCOPE. WILL ADVISE.

(D) ALTHOUGH BDG HAS NOT FORMALLY REQUESTED PSG FUNDS TO
UP-DATE KURIGRAM FLOOD CONTROL AND IRRIGATION PROJECT
FEASIBILITY STUDY, SLAUGHTER TILLSON TDY COULD RESULT IN
IDENTIFICATION OF REQUIREMENT FOR UP-DATE AND/OR FURTHER
DEVELOPMENT OF STUDY. IN THIS EVENT BDG HAS INDICATED IT
WOULD REQUEST PSG FINANCING TO BRING CURRENT FEASIBILITY STUDY
INTO ACCEPTABLE CONDITION FOR DONOR FINANCING.

2. ACTION REQUESTED: ADVICE ON TDY AVAILABILITY OF SCHULTZ
AND PSG SUITABILITY FOR GORAL RIVER BRIDGE UP-DATE STUDY.
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